

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 SP-02
AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01
CEA-01 L-03 H-01 AGRE-00 FEAE-00 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01
/109 R

DRAFTED BY EB/ICD/TRP:PPILKAUSKAS:BLO
APPROVED BY EB/JLKATZ
AF/W:GDIES

-----031907Z 057984 /53

R 031620Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY ABIDJAN
INFO AMEMBASSY ADDIS ABABA
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY BUJUMBURA
AMEMBASSY CONAKRY
AMEMBASSY COTONOU
AMEMBASSY DAR ES SALAAM
AMEMBASSY JAKARTA
AMEMBASSY KIGALI
AMEMBASSY KINSHASA
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY LOME
AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY NAIROBI
AMEMBASSY NEW DELHI
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SAN SALVADOR
AMEMBASSY YAOUNDE
USMISSION EC BRUSSELS
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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: MEMCON: CONVERSATION BETWEEN IVORY COAST
AMBASSADOR AHOUA AND ASSISTANT SECRETARY KATZ

DATE/PLACE: DECEMBER 30, MR. KATZ'S OFFICE.

SUMMARY: AMBASSADOR AHOUA CALLED ON MR. KATZ AT THE REQUEST OF IVORY COAST PRESIDENT HOUPHOUET-BOIGNY, TO EXPRESS CONCERN OVER THE PUBLIC OUTCRY IN THE U.S. OVER HIGH COFFEE PRICES AND POSSIBLE BOYCOTT ACTIONS BY SOME CONSUMER GROUPS. HE EXPLAINED GOIC CONCERN IN THE CONTEXT OF COFFEE AS A FOREIGN EXCHANGE SOURCE WHICH IS ALL THE MORE CRITICAL IN VIEW OF PETROLEUM INDUCED FOREIGN EXCHANGE REQUIREMENTS ON THE IVORY COAST. MR. KATZ OUTLINED THE DEPARTMENT'S CONCERN OVER THE RAPID PRICE INCREASE, ITS EFFECT ON LONG RUN CONSUMPTION AND THE NEED TO AVOID EMOTIONAL RESPONSES TO THE SITUATION. HE ALSO REQUESTED ANY IDEAS THE IVORY COAST OR OTHER PRODUCERS MIGHT HAVE TO AMELIORATE THE SITUATION. END SUMMARY

1. AMBASSADOR AHOUA STATED PRESIDENT HOUPHOUET-BOIGNY REQUESTED THAT HE MAKE KNOWN GOIC CONCERN OVER CONSUMER BOYCOTT THREATS OVER HIGH CURRENT COFFEE PRICES. HE OUTLINED THE IMPORTANCE COFFEE PLAYS IN THE IVORY COAST ECONOMY, ESPECIALLY IN VIEW OF THE IMPACT HIGHER PETROLEUM PRICES AND IMPORTED INFLATION ARE HAVING. HE DESCRIBED THE GOIC DESIRE FOR A REMUNERATIVE PRICE BUT TERMED CURRENT CONSUMER CONCERNS AS EXAGGERATED AND AN "INJUSTICE." HE SAID THE PUBLIC SHOULD UNDERSTAND THE CURRENT LIMITED OFFICIAL USE

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PRICE IS NOT EXCESSIVE. AMBASSADOR AHOUA STRESSED THE NEED TO AVOID A BREAKDOWN IN COMMUNICATION BETWEEN CONSUMERS AND PRODUCERS.

2. KATZ EMPHASIZED THAT PRESENT PRICE LEVELS WERE UNJUSTIFIED. HE NOTED THAT GROWERS RECEIVING ONLY SMALL PROPORTION OF CURRENT PRICE WITH BALANCE TAXED BY GOVERNMENTS BECAUSE OF INFLATIONARY EFFECT OF RISING PRICES ON ECONOMIES OF COFFEE PRODUCING NATIONS. HE SAID THAT ALL KNOWLEDGEABLE OBSERVERS RECOGNIZED THAT CURRENT PRICES COULD NOT BE SUSTAINED IN THE LONG RUN. EXPORTERS MUST BE AWARE OF LIKELY EFFECTS ON CONSUMPTION OF THE RAPID PRICE RISE AND FACT THAT CURRENT IMPORTED GREEN BEAN PRICES HAVE STILL TO BE FELT AT RETAIL LEVEL. CONSUMERS WILL REACT TO THE PRICES, APART FROM ANY ORGANIZED BOYCOTT. ROASTERS WHO ARE SQUEEZED BETWEEN HIGH PRICES AND CONSUMER RESISTANCE ARE LIKELY TO INCREASE EXTRACTION RATES AND USE EXTENDERS SUCH AS CHICORY. THESE MEASURES, WHICH WILL LOWER USAGE AS WELL AS QUALITY, WILL COMBINE WITH HIGHER PRICES TO

DRIVE CONSUMERS AWAY FROM COFFEE IN THE LONG RUN, AS
HAPPENED DURING A SIMILAR PRICE RISE OF 1953/54.

3. KATZ NOTED COFFEE IS NOT AN ESSENTIAL COMMODITY, LIKE
PETROLEUM, BUT THE ISSUE LENDS ITSELF TO DEMAGOGUERY AND
EMOTIONALISM AND CALLS FOR BOYCOTTS, CONGRESSIONAL INVES-
TIGATION, ETC., ARE INEVITABLE. KATZ SAID HE COULD NOT
SUGGEST REMEDIAL MEASURES, BUT WELCOMED PRODUCER IDEAS.

4. KATZ RESPONDED TO A SUGGESTION THAT HIGH LEVEL CONSUL-
TATIONS BE HELD BY NOTING THE RISK THAT THE HOLDING OF A
MEETING WITHOUT EXPECTATION OF RESULTS RUNS RISK OF FUR-
THER EXACERBATING SITUATION. HE SUGGESTED THAT PRIOR
EXCHANGE OF VIEWS BILATERALLY WOULD BE DESIRABLE IN
ADVANCE OF ANY LARGER MEETING.

5. SUBSEQUENT MEETING WITH ASSISTANT SECRETARY SCHAUFELLE
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TO BE REPORTED SEPTEL.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, DIPLOMATIC DISCUSSIONS, PUBLIC ATTITUDES, CONSUMER GROUPS, PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: D770002-0198
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770185/aaaacvx0.tel
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Litigation Codes:
Litigation History:
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Message ID: c1dae4dd-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
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Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
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Status: NATIVE
Subject: MEMCON: CONVERSATION BETWEEN IVORY COAST AMBASSADOR AHOUA AND ASSISTANT SECRETARY KATZ DATE/PLACE: DECEMBER 30, MR. KATZ'S OFFICE.
TAGS: ETRD, EAGR, EPAP, US, IV
To: ABIDJAN
Type: TE
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